

PROJECT SUMMARY**PROJECT NUMBER: 08-003**

Final Commitment 4-28-08

Project: Salinas Gateway Apartments**Location:** 25 Lincoln Avenue**City:** Salinas**County:** Monterey**Zip Code:** 93901**Developer:** First Community Housing**Partner:** Same**Investor:** Yet to be determined**Project Type:** New Construction**Occupancy:** Family**Total Units:** 52**Style Units:** Townhomes & Flats**Elevators:** Yes**Total Parking:** 40**Covered:** 36**No. of Buildings:** 1**No. of Stories:** 3**Residential Space** 49,819 sq. ft.**Office Space** 705 sq. ft.**Commercial Space** 2,770 sq. ft.**Gross Area** 53,294 sq. ft.**Land Area** 29,875 sq. ft.**Units per acre** 76

CalHFA Construction Financing	Amount	Rate	Term (Mths)
CalHFA Construction Financing	\$12,190,000	5.00% fixed	24

Permanent Sources of Funds	Amount	Rate	Years
CalHFA First Mortgage	\$400,000	5.00%	30
CalHFA Bridge Loan	\$0	0.00%	0
CalHFA Second Mortgage	\$300,000	3.00%	30
MHP	\$5,212,894	3.00%	55
City of Salinas-HOME	\$1,210,000	3.00%	20
City of Salinas-RDA	\$1,590,000	3.00%	55
San Andreas Regional Center	\$300,000	3.00%	55
Commercial Sales proceeds	\$900,000	0.00%	0
Infill Infrastructure Grant Program	\$1,500,000	0.00%	0
Income from Operations	\$0		
Developer Contribution	\$310,413		
Deferred Dev. Fee	\$0		
Tax Credit Equity	\$7,175,008		

Construction Valuation	Appraisal	Value Upon Completion
Investment Value	15,780,000	Appraisal Date: 8-May-08
Loan / Cost	66%	Cap Rate: 5.50%
Loan / Value	79%	Restricted Value \$8,370,000
		Perm. Loan / Cost 4%
		Perm. Loan / Value 8%

CalHFA Fees and Reserve Requirements**CalHFA Loan Fees**

	Amount
CalHFA Construction Loan Fee	\$62,450
CalHFA Permanent Loan Fees	\$1,000
Other Fee	\$0

Required Reserves

	Amount
Other Reserve	\$0
Replacement Resv. Initial Deposit	\$28,600
Repl. Reserve - Per Unit/ Per Yr.	\$500 *
* \$250/unit year 1. \$350/unit year 2. \$500/unit years 3-30.	
CalHFA Operating Expense Reser	\$29,095
Transition Reserve	\$131,005

Construction Loan - Guarantees and Fees

Completion Guarantee Fee	\$12,804,360
Contractors Payment Bond	\$12,804,360
Contractors Performance Bond	\$12,804,360

Tax-Exempt Bond Test (Min. 50%)	65.20%
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Date: 4/24/08**Senior Staff Date:** 4/28/08

Cash Flow Final Commitment 4-28-08 CalHFA Project Number: 08-003 Salinas Gateway Apartments

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
RENTAL INCOME										
Affordable Rents	206,148	211,302	216,584	221,999	227,549	233,238	239,068	245,045	251,171	257,451
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rental Subsidies	79,500	83,475	87,649	92,031	96,633	101,464	106,538	111,864	117,458	123,331
Rental Subsidy Increases	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Market Rate Units	9,240	9,471	9,708	9,950	10,199	10,454	10,716	10,983	11,258	11,539
Unrestricted/Market Unit Increases	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
TOTAL RENTAL INCOME	294,888	304,248	313,941	323,981	334,381	345,156	356,322	367,893	379,887	392,321
OTHER INCOME										
Laundry	6,760	6,929	7,102	7,280	7,462	7,648	7,840	8,036	8,236	8,442
Other Income	0	0	0	0	0	0	0	0	0	0
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
TOTAL OTHER INCOME	6,760	6,929	7,102	7,280	7,462	7,648	7,840	8,036	8,236	8,442
GROSS POTENTIAL INCOME	301,648	311,177	321,043	331,260	341,843	352,804	364,161	375,929	388,123	400,763

VACANCY ASSUMPTIONS										
Affordable (Blended Average)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Rental Subsidy Income	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Unrestricted Units / Market Rate Units	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Laundry & Other Income	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
LESS: VACANCY LOSS	10,696	11,033	11,382	11,743	12,117	12,505	12,906	13,322	13,753	14,200

EFFECTIVE GROSS INCOME	290,952	300,143	309,661	319,517	329,725	340,299	351,255	362,606	374,370	386,563
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OPERATING EXPENSES										
Expenses										
Annual Expense Increase	215,200	222,732	230,528	238,596	246,947	255,590	264,536	273,794	283,377	293,296
Taxes and Assessments	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Annual Tax Increase	2,500	2,588	2,678	2,772	2,869	2,969	3,073	3,181	3,292	3,407
Replacement Reserve	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Percentage Increase Yearly	13,000	18,200	18,200	26,000	26,000	27,300	27,300	27,300	27,300	27,300
TOTAL EXPENSES	230,700	243,520	251,406	267,368	275,816	285,859	294,909	304,275	313,969	324,003

NET OPERATING INCOME	60,252	56,624	58,255	52,149	53,909	54,440	56,346	58,331	60,401	62,560
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DEBT SERVICE										
CalHFA - 1st Mortgage	25,767	25,767	25,767	25,767	25,767	25,767	25,767	25,767	25,767	25,767
CalHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CalHFA - 2nd Mortgage	0	0	0	0	0	0	0	0	0	0
MHP	21,894	21,894	21,894	21,894	21,894	21,894	21,894	21,894	21,894	21,894
None	0	0	0	0	0	0	0	0	0	0
DCR for just CalHFA loans.	2.34	2.20	2.26	2.02	2.09	2.11	2.19	2.26	2.34	2.43
CASH FLOW after all debt service	12,590	8,962	10,594	4,487	6,248	6,779	8,684	10,670	12,739	14,899

DEBT COVERAGE RATIO	1.26	1.19	1.22	1.09	1.13	1.14	1.18	1.22	1.27	1.31
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Cash Flow **CalHFA Project Number: 08-003** **Salinas Gateway Apartments**

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
RENTAL INCOME										
Affordable Rents	263,887	270,484	277,246	284,177	291,282	298,564	306,028	313,679	321,521	329,559
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rental Subsidies	129,497	135,972	142,771	149,909	157,405	165,275	173,539	182,215	191,326	200,893
Rental Subsidy Increases	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Market Rate Units	11,828	12,124	12,427	12,737	13,056	13,382	13,717	14,060	14,411	14,772
Unrestricted/Market Unit Increases	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
TOTAL RENTAL INCOME	405,212	418,580	432,443	446,824	461,742	477,221	493,283	509,954	527,258	545,223

OTHER INCOME										
Laundry	8,653	8,870	9,091	9,319	9,552	9,790	10,035	10,286	10,543	10,807
Other Income	0	0	0	0	0	0	0	0	0	0
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
TOTAL OTHER INCOME	8,653	8,870	9,091	9,319	9,552	9,790	10,035	10,286	10,543	10,807
GROSS POTENTIAL INCOME	413,865	427,449	441,535	456,143	471,294	487,011	503,318	520,240	537,801	556,029

VACANCY ASSUMPTIONS										
Affordable (Blended Average)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Rental Subsidy Income	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Unrestricted Units / Market Rate Units	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Laundry & Other Income	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
LESS: VACANCY LOSS	14,663	15,143	15,640	16,156	16,691	17,175	17,693	18,206	18,715	19,221

EFFECTIVE GROSS INCOME	399,203	412,307	425,895	439,987	454,603	474,836	490,736	507,234	524,356	542,129
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OPERATING EXPENSES										
Expenses	303,561	314,185	325,182	336,563	348,343	360,535	373,154	386,214	399,732	413,722
Annual Expense Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Taxes and Assessments	3,526	3,650	3,778	3,910	4,047	4,188	4,335	4,487	4,644	4,806
Annual Tax Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Replacement Reserve	28,665	28,665	28,665	28,665	28,665	30,098	30,098	30,098	30,098	30,098
Percentage Increase Yearly	0.00%	0.00%	0.00%	0.00%	5.00%	0.00%	0.00%	0.00%	0.00%	5.00%
TOTAL EXPENSES	335,752	346,500	357,625	369,138	381,055	394,822	407,587	420,799	434,474	448,627

NET OPERATING INCOME	63,450	65,806	68,270	70,848	73,548	80,014	83,149	86,435	89,883	93,502
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DEBT SERVICE										
CalHFA - 1st Mortgage	25,767	25,767	25,767	25,767	25,767	25,767	25,767	25,767	25,767	25,767
CalHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CalHFA - 2nd Mortgage	21,894	21,894	21,894	21,894	21,894	21,894	21,894	21,894	21,894	21,894
MHP	0	0	0	0	0	0	0	0	0	0
None	2,46	2,55	2,65	2,75	2,85	3,11	3,23	3,35	3,49	3,63
DCR for just CalHFA loans	15,789	18,145	20,609	23,187	25,886	32,353	35,487	38,773	42,221	45,840
CASH FLOW after all debt service	1,33	1,38	1,43	1,49	1,54	1,68	1,74	1,81	1,89	1,96

DEBT COVERAGE RATIO	1.33	1.38	1.43	1.49	1.54	1.68	1.74	1.81	1.89	1.96
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Cash Flow

CalHFA Project Number: 08-003

Salinas Gateway Apartments

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Affordable Rents	337,798	346,242	354,899	363,771	372,865	382,187	391,742	401,535	411,573	421,863
Rental Subsidies	210,937	221,484	232,558	244,186	256,395	269,215	282,676	296,810	311,650	327,233
Market Rate Units	15,141	15,519	15,907	16,305	16,713	17,130	17,559	17,998	18,448	18,909
Unrestricted/Market Unit Increases	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
TOTAL RENTAL INCOME	563,875	583,246	603,364	624,262	645,973	668,533	691,976	716,343	741,671	768,004
OTHER INCOME										
Laundry	11,077	11,354	11,638	11,929	12,227	12,533	12,846	13,167	13,496	13,834
Other Income	0	0	0	0	0	0	0	0	0	0
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
TOTAL OTHER INCOME	11,077	11,354	11,638	11,929	12,227	12,533	12,846	13,167	13,496	13,834
GROSS POTENTIAL INCOME	574,953	594,600	615,002	636,191	658,200	681,065	704,822	729,510	755,168	781,838

VACANCY ASSUMPTIONS

Affordable (Blended Average)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rental Subsidy Income	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Unrestricted Units / Market Rate Units	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry & Other Income	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
LESS: VACANCY LOSS	14,374	14,865	15,375	15,905	16,455	17,027	17,621	18,238	18,879	19,546

EFFECTIVE GROSS INCOME

	560,579	579,735	599,627	620,286	641,745	664,039	687,202	711,272	736,288	762,292
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OPERATING EXPENSES

Expenses	428,203	443,190	458,701	474,756	491,372	508,570	526,370	544,793	563,861	583,596
Annual Expense Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Taxes and Assessments	4,974	5,149	5,329	5,515	5,708	5,908	6,115	6,329	6,550	6,780
Annual Tax Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Replacement Reserve	31,603	31,603	31,603	31,603	31,603	33,183	33,183	33,183	33,183	33,183
Percentage Increase Yearly	0.00%	0.00%	0.00%	0.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL EXPENSES	464,780	479,941	495,633	511,874	528,684	547,662	565,668	584,305	603,595	623,559

NET OPERATING INCOME

	95,799	99,793	103,994	108,412	113,062	116,377	121,533	126,966	132,694	138,733
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DEBT SERVICE

CalHFA - 1st Mortgage	25,767	25,767	25,767	25,767	25,767	25,767	25,767	25,767	25,767	25,767
CalHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CalHFA - 2nd Mortgage	21,894	21,894	21,894	21,894	21,894	21,894	21,894	21,894	21,894	21,894
MHP	0	0	0	0	0	0	0	0	0	0
None	3.72	3.87	4.04	4.21	4.39	4.52	4.72	4.93	5.15	5.38

DCR for just CalHFA loans
CASH FLOW after all debt service

	48,137	52,132	56,332	60,750	65,400	68,715	73,872	79,305	85,032	91,071
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DEBT COVERAGE RATIO

	2.01	2.09	2.18	2.27	2.37	2.44	2.55	2.66	2.78	2.91
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CALIFORNIA HOUSING FINANCE AGENCY
Loan Modification to Final Commitment
Grand Plaza Apartments
Los Angeles, Los Angeles County, CA
CalHFA # 07-014-A/S

SUMMARY

This is a request to modify the final commitment approved by the California Housing Financing Agency ("CalHFA") Board of Directors on January 17, 2008 for Grand Plaza Apartments. The modification request is to approve the withdrawal of AESI as a member of the Co-GP of Borrower and to advise the Board that AIMCO will no longer be buying the limited obligation conduit revenue bonds issued by CalHFA to fund the tax-exempt subordinate loan in the amount of \$3,500,000.

PARTNERSHIP CHANGE

Grand Plaza Preservation GP, LLC, a Delaware limited liability company is the co-general partner of the Borrower ("Co-GP"). The Co-GP originally consisted of two members, TRG NY, LLC, a New York limited liability company ("TRG NY") and AIMCO Equity Services, Inc., a Virginia corporation ("AESI"). Pursuant to the Limited Liability Company Agreement of Grand Plaza Preservation GP, LLC, dated as of April 17, 2007 (the "LLC Agreement"), both of TRG NY and AESI owned a 50% limited liability company interest in the Co-GP. The parties then entered into a First Amendment to Limited Liability Company Agreement dated February 28, 2008. TRG NY withdrew as a member of the Co-GP and was replaced by TRG Grand Plaza, LLC, a California limited liability company ("TRG CA"). TRG CA is an affiliate of The Richman Group.

TRG CA has asked to exercise its option to purchase AESI's 50% limited liability company interest pursuant to the terms of section 35 of the LLC Agreement and become the sole member of the Co-GP. The purchase price offered by TRG CA for AESI's limited liability company interest is \$1,350,000. If this purchase takes place, AESI will no longer hold an interest in the Co-GP. The Borrower has requested that CalHFA approve the change in Borrower's structure so that AESI, an affiliate of AIMCO, no longer holds a limited liability company interest in the Co-GP.

The Borrower is also proposing that U.S.A. Institutional Tax Credit Fund LXVII L.P., a Delaware limited partnership be admitted as the tax credit investor rather than an AIMCO affiliate

The \$3,500,000 subordinate loan to be funded from the proceeds of limited obligation conduit revenue bonds issued by CalHFA shall be placed with one or more sophisticated investors who will sign an investor letter and be bound by transfer restrictions developed by CalHFA staff in consultation with the CalHFA's bond counsel, Orrick, Herrington & Sutcliffe.

During the Board presentation, due to the dynamic nature of this loan closing, staff of CalHFA will update the Board in order to fully disclose all newly discovered relevant information.

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RESOLUTION 08-16

RESOLUTION AUTHORIZING MODIFICATION OF
A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency Board of Directors (the "Agency") adopted Resolution 08-01 approving a Final Loan Commitment to Grand Plaza Preservation, L.P., a California limited partnership (the "Borrower"), the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Los Angeles, Los Angeles County, California, to be known as Grand Plaza Apartments (the "Development"). Additionally, the Agency adopted Resolution 08-04 approving the Agency's Multifamily Bond Indentures, the Issuance of Multifamily Bonds, Short-Term Credit Facilities for Multifamily Purposes and Related Financial Agreements and Contracts for Services and adopted Resolution 08-08 which amended and restated Resolution 08-04. (Resolutions 08-01, 08-04 and 08-08 shall be hereinafter collectively be referred to as the "Commitment"); and

WHEREAS, a modification of the Commitment has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a modification of the Commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a modification of the Commitment, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above.

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

1 Resolution 08-16

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4 I hereby certify that this is a true and correct copy of Resolution 08-16 adopted at a duly
5 constituted meeting of the Board of the Agency held on May 14, 2008 at Burbank, California.

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ATTEST: _____
Secretary

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January 17, 2008

Board Meeting

Binder Material For

Grand Plaza Apartments

CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Grand Plaza Apartments
Los Angeles, Los Angeles County, CA
CalHFA # 07-014-A/S

SUMMARY

This is a Final Commitment request for acquisition and permanent long term financing. Security will be a 302-unit senior apartment complex known as Grand Plaza Apartments, located at 601 North Grand Avenue, Los Angeles, California. Grand Plaza Preservation, L.P., ("Borrower") whose managing general partners are Grand Plaza Preservation, LLC, a Delaware limited liability company and Las Palmas Foundation., a California nonprofit corporation, will own the project.

Grand Plaza Apartments is an existing portfolio loan currently owned by 601 North Grand Avenue Partners, a limited partnership, whose general partner is CARE Housing Services Corporation. The project was constructed in 1990 and is a 302-unit, four- and six-story 5 building, senior apartment complex. Grand Plaza was constructed under the Section 42 Low Income Housing Tax Credit (LIHTC) program and exited the tax credit program on December 31, 2006. The property currently operates under a CalHFA bond regulatory agreement that restricts 20% of the units to tenants earning no more than 80% of the Area Median Income (AMI) and 100% of the units to seniors aged 62 and older. The expiration of the low income housing tax credit restrictions has placed the existing senior tenant population at risk of an extreme rent increase. The borrower proposes to not increase the rent on any in place tenant more than six percent annually, until the rents reach the maximum LIHTC levels – 30% at 50% AMI and 70% at 60% AMI. The project age restriction will remain at 62 and over.

LOAN TERMS

Acquisition Period

First Mortgage	\$16,400,000
Interest Rate	5.10%, variable
Term	12 Months, interest only
Financing	Tax-Exempt
Second Mortgage*	\$3,500,000
Interest Rate	6.25%
Term	30 year, first 15 years interest only, then amortized.
Financing	Tax-Exempt
Prepayment	After Year 15
	Pursuant to 30/15 program with 120 days notice to Agency

*At the time of permanent loan funding, this loan will remain in place and will be subordinate to the CalHFA's long term First Mortgage.



KANE, BALLMER & BERKMAN

A LAW CORPORATION
WWW.KBBLAW.COM

515 S. FIGUEROA STREET
SUITE 1850
LOS ANGELES, CALIFORNIA 90071
TELEPHONE (213) 617-0480
FAX (213) 625-0931

BRUCE D. BALLMER
(RETIRED)

ROBERT P. BERKMAN
(1919-2001)

402 WEST BROADWAY
4TH FLOOR
SAN DIEGO, CALIFORNIA 92101
TELEPHONE (619) 567-3450
FAX (619) 567-3448

May 9, 2008

Via E-Mail JOjima@CalHFA.ca.gov

Board of Directors of CalHFA
c/o Ms. Jojo Ojima
Office of General Counsel
California Housing Finance Agency
1415 L Street, Suite 500
Sacramento, CA 95814

Writer:
Gustavo Lamanna
glamanna@kbblaw.com
Direct (213) 452-0131
Los Angeles Office
File No. 059-008

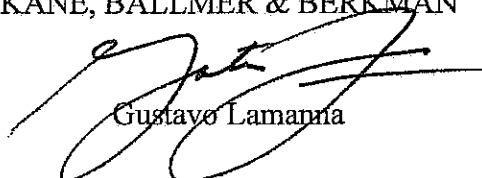
***Re: Preservation of Affordable Housing
in conformance with Fannie Mae Announcement 06-03
Proposed CalHFA Financing Subject to Affordability Covenants***

Dear Jojo and Board of Directors:

Since my last visit to the Board of Directors meeting in Burbank, I wanted to report two lenders, Wachovia Bank and DHI Mortgage, have issued loans without requiring subordination of affordability covenants. It is worthy to note from January 1, 2004 to March 7, 2007, CalHFA purchased 325 loans from DHI Mortgage totaling \$79,531,734.00; for that period, DHI Mortgage ranks number 17 based on the number of loans purchased according to CalHFA homeownership reports. In addition, DR Horton has asked the same agency-client to amend a disposition and development agreement to permit financing that would be junior, thus unsubordinated, to agency affordability covenants. These updates demonstrate increasing acceptance of Fannie Mae Announcement 06-03 and lender acknowledgment of the reduced risk-factor for unsubordinated lending on affordable housing. Lastly, I will write or appear before the Board once there is additional progress to report. Until then, I welcome any questions.

Sincerely,

KANE, BALLMER & BERKMAN



Gustavo Lamanna

Financing Reports

- Recent Bond Sales
 - Multifamily Bonds
 - Single Family Bonds
- Upcoming Bond Issuances
- Update on Debt Restructuring
- Variable Rate Bonds and Swaps

CalHFA

Affordable Housing is our Business

Recent Bond Issues

<u>Date of Issue</u>	<u>Bond Series</u>	<u>\$ Amount</u>
4/09/08	Home Mortgage Revenue Bonds 2008 Series D, E & F	\$190,455,000
4/24/08	Multifamily Housing Revenue Bonds III 2008 Series A, B & C	\$149,650,000

New Multifamily Bonds

- **\$149,650,000 MFHRB III, 2008 Series ABC**
- **All tax-exempt, uninsured VRDO**
- **\$145,625,000 swapped to fixed rate**
- **Funding for 5 new projects**
- **Redeem \$90M auction rate securities as part of restructuring plan**

New Single Family Bonds

- **\$190,455,000 HMRB 2008 Series DEF**
- **All tax-exempt, uninsured VRDO**
- **\$174.7M economic refunding of prior bonds**
- **\$15.7M new money bonds**
- **\$188M swapped to fixed-rate, transferred swaps**
- **Proceeds for purchase of approximately 60 new loans**
- **Redeem \$174.7M auction rate securities and underperforming VRDOs as part of restructuring plan**

Upcoming Single Family Bonds

- **\$300M HMRB 2008 Series GHI**
 - Direct Placement
 - Federally Taxable
 - \$93M of refunding proceeds as part of restructuring plan
 - \$207M new money proceeds
 - Issue on 5/14/08
- **\$300M HMRB 2008 Series JK**
 - Tax-exempt
 - Fixed-rate
 - All new money proceeds
 - Issue on 5/15/08
- **Proceeds for purchase of over 2,100 new loans**

Update of Restructuring Plans

- **Single Family (HMRB):**
 - \$565M underperforming debt
 - \$227M have been redeemed
 - \$55M will be redeemed in June
 - Modify standby bond purchase agreements associated with \$263M of insured VRDO in May
 - Plans to redeem \$20M auction rate securities on 8/1/08
- **General Obligation:**
 - \$442M underperforming debt
 - \$90M have been redeemed
 - Modify standby bond purchase agreements associated with \$51M of insured VRDO in May
 - Convert \$44M of auction rate securities to VRDO in May
 - Plans to restructure \$257M auction rate securities over the next 12 to 18 months

Report on Variable Rate Bonds and Swaps

Variable Rate Debt as of April 9, 2008

(\$ in Millions)

	Tied Directly to Variable Rate Assets	Swapped to Fixed Rate	Not Swapped or Tied to Variable Rate Loans	Total Variable Rate Debt
HMRB	\$ 2	\$ 3,739	\$ 583	\$ 4,324
MHRB	128	867	67	1,062
HPB	0	35	76	111
DDB	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTALS	\$130	\$ 4,641	\$ 726	\$ 5,497

Types of Variable Rate Debt

(\$ in Millions)

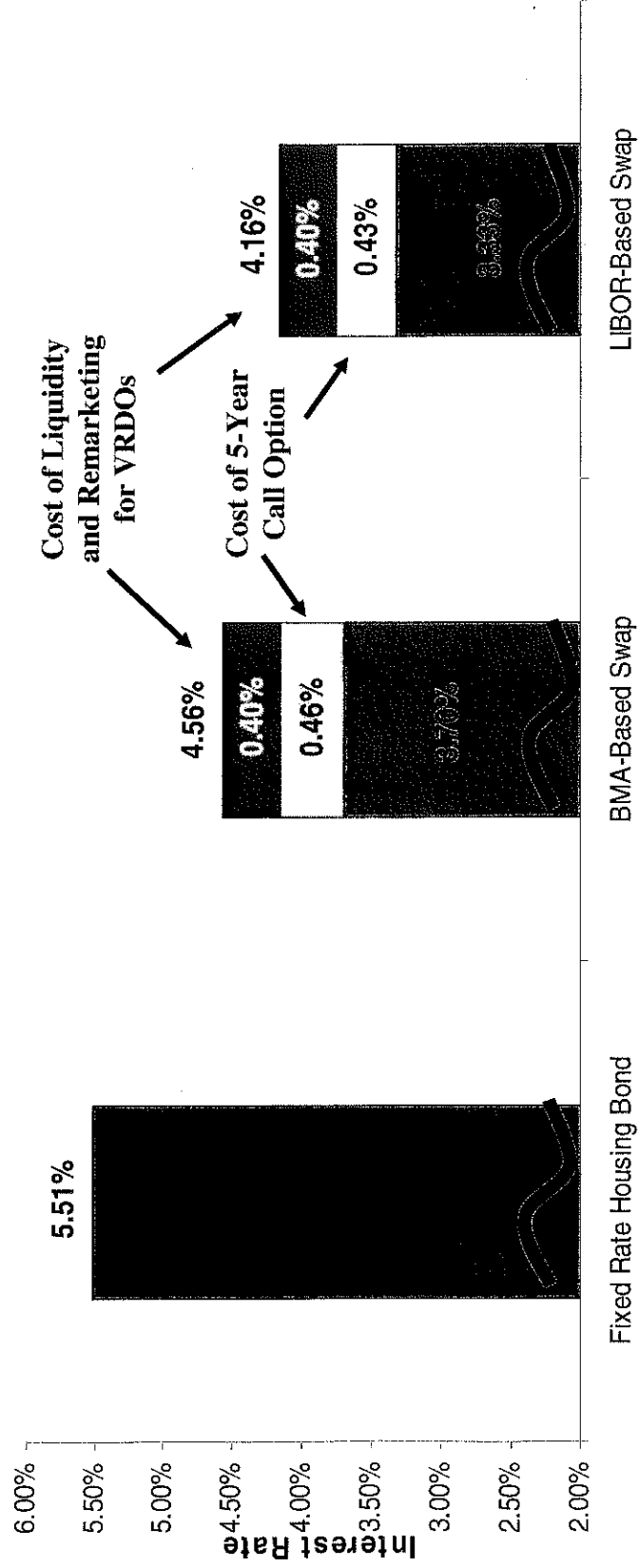
	<u>Auction Rate & Similar Securities</u>	<u>Indexed Rate Bonds</u>	<u>Variable Rate Demand Obligations</u>	<u>Total Variable Rate Bonds</u>
HMRB	\$ 69	\$ 979	\$ 3,276	\$ 4,324
MHRB	391	0	671	1,062
HPB	0	0	111	111
DDB	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTALS	\$ 460	\$ 979	\$ 4,058	\$ 5,497

Fixed Payer Interest Rate Swaps

(\$ in Millions)

	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Totals</u>
HMRB	\$3,110	\$625	\$3,735
MHRB	867	0	867
HPB	<u>35</u>	<u>0</u>	<u>35</u>
TOTALS	\$4,012	\$625	\$4,637

Comparative Costs of Funds for Fixed-Rate Bonds and Synthetic Fixed-Rate Bonds (Variable Rate Bonds Swapped to Fixed) (All Rates as of April 25, 2008)



BMA-Based Swap: BMA Index x 101%
LIBOR-Based Swap: 63% LIBOR + 24 bps

Five-Year Business Plan and Operating Budget

Presentation to CalHFA Board

May 14, 2008

CalHFASM

Affordable Housing is our Business

Five-Year Business Plan Summary

FY 2008/09 – FY 2012/13

- Homeownership Loan Production - \$6.4 billion
 - First Mortgages - \$6.0 billion
 - Downpayment & Self-Help Assistance - \$0.4 billion
 - Mortgage Insurance NIW - \$2.3 billion
 - Based on 30% HO Production
 - Also Includes REO program
 - Multifamily Loan Production - \$1.5 billion
 - New Construction/MHSA/BAHP
 - Acquisition Rehab/Portfolio Preservation
 - **Total Agency Business Plan - \$10.2 billion**
-

CALHFA BUSINESS PLAN - 2008 / 2009 TO 2012/2013

Other Resources (in Thousands)

	2008/09	2009/10	2010/11	2011/12	2012/13	TOTAL
HAT FUNDED PROGRAMS						
Single Family Programs:						
CalHFA Housing Assistance Program (CHAP)	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 60,000
High Cost Area Home Purc. Assist. Prog. (HiCap)	12,000	12,000	12,000	12,000	12,000	60,000
Self-Help Builder Assistance (SHBAP)	1,500	1,500	1,500	1,500	1,500	7,500
Multifamily Programs:						
Acquisition program	5,000	5,000	5,000	5,000	5,000	25,000
Residual Gap loan Program	5,000	5,000	5,000	5,000	5,000	25,000
Portfolio Preservation	5,000	5,000	5,000	5,000	5,000	25,000
Asset Management:						
Portfolio Assistance	8,000	8,000	8,000	8,000	8,000	40,000
TOTAL HAT FUNDED PROGRAMS	\$ 48,500	\$ 48,500	\$ 48,500	\$ 48,500	\$ 48,500	\$ 242,500
GO BOND PROGRAMS						
Single Family Programs:						
Ca Homebuyer's Downpmt. Assist. Prog. (CHDAP)	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 200,000
Extra Credit Teacher Home Purchase Prog. (ECTP)	4,200	-	-	-	-	4,200
School Facility Fee Down Pay. Assist. Prog. (SFF)	7,200	7,600	7,900	2,800	-	25,500
TOTAL GO BOND PROGRAMS	\$ 51,400	\$ 47,600	\$ 47,900	\$ 42,800	\$ 40,000	\$ 229,700
PROP 63 - MHSA PROGRAM						
Loans	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 52,000	\$ 260,000
Operating Subsidy	28,000	28,000	28,000	28,000	28,000	140,000
TOTAL MHSA PROGRAMS	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 400,000
TOTAL	\$ 179,900	\$ 176,100	\$ 176,400	\$ 171,300	\$ 168,500	\$ 872,200

Agency Report Card

Meeting the Challenges Presented in May 2007

- Recruiting Leadership in HO and MF
 - ✓ Two Directors Hired and In Place
 - Impact of Subprime Crisis – “Flight to Quality”
 - ✓ First-time homebuyers returning to CalHFA
 - Homeownership Lending Volume – Need for Capital
 - ✓ Fannie Mae partnership – pricing, liquidity, capital
 - Multifamily Products Role in Today’s Marketplace
 - ✓ Architectural guidelines
 - Strategic Projects – A New Business Environment
 - ✓ Major progress on Homeownership, Fiscal Services, Document Management
 - ✓ Security projects, emergency response, operational recovery, and business resumption plans complete.
-

CALIFORNIA HOUSING FINANCE AGENCY
2008-09
CONSOLIDATED CALHFA AND MIS FUNDS OPERATING BUDGET
(DOLLARS IN THOUSANDS)

<u>EXPENDITURE ITEM</u>	<u>Actual</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Proposed</u> 2008-09
TOTAL PERSONAL SERVICES	\$22,739	\$27,338	\$28,001
OPERATING EXPENSES AND EQUIPMENT			
General Expense	772	757	757
Communications	651	725	781
Travel	596	580	665
Training	199	185	244
Facilities Operation	2,729	3,000	3,007
Consulting & Professional Services	4,229	9,890	9,212
Central Admin. Serv.	1,490	1,971	2,150
Information Technology	639	825	936
Equipment	415	400	405
TOTAL OPERATING EXPENSES AND EQUIPMENT	\$11,720	\$18,333	\$18,157
GRAND TOTAL	\$34,459	\$45,671	\$46,158

Proposed Position Changes for FY2008-09

CalHFA Organizations	Position Changes
Executive Office	+ 1.0
Administration Division	+ 1.0
Financing Division	+ 1.0
Fiscal Services Division	- 3.0
Legal Division	+ 3.0
Marketing Division	+ 1.0
Info Technology Division	+ 1.0
Homeownership Division	+ 5.0
Mortgage Ins Division	+ 1.0
Multifamily Division	- 6.0
Asset Mgmt Division	-
Temporary Help	+ 1.4
CalHFA	+ 6.4

Strategic Initiatives Briefing Book Estimated One-Time Cost of Software and Services Update 5/8/08

	<u>FY 08/09</u>	<u>FY 09/10</u>	<u>FY 10/11</u>	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>EST TTL</u>
Homeownership						
Software and Services	\$1,500,000	\$3,000,000	\$500,000			\$5,000,000
IV&V	\$250,000	\$250,000	\$100,000			\$600,000
PM Support	\$150,000	\$150,000	\$150,000			\$450,000
Fiscal Services						
Phase 1	\$1,300,000	\$400,000				\$1,700,000
Phase 2 & 3		\$650,000	\$3,800,000	\$3,800,000	\$3,800,000	\$12,050,000
IV&V	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Software	\$82,000					\$82,000
PM Support	\$90,000	\$150,000	\$150,000			\$390,000
Enterprise Content Mgmt						
Agency Implementation	\$360,000	\$200,000				\$560,000
Notes Conversion	\$359,000					\$359,000
Technical Support	\$50,000					\$50,000
Multifamily						
Software and Services	\$440,000					\$440,000
PM Support	\$72,000					\$72,000
Debt Mgmt						
Technical Support	\$120,000					\$120,000
PM Support	\$30,000					\$30,000
BCM-BUS Resumption		\$150,000				\$150,000
Procurement Assistance	\$170,000					\$170,000
FNMA/REO PM	\$64,000					\$64,000
FY Costs All Projects	\$5,237,000	\$5,150,000	\$4,900,000	\$4,000,000	\$4,000,000	\$23,287,000

Special Comment

Moody's Public Finance

April 2008

Table of Contents:

Summary Opinion	1
HFA Serious Delinquencies and Foreclosures Grow in 2007	3
State HFA Foreclosure Outperforming National Averages	4
Property Value Declines Could Increase Delinquencies and Foreclosures Going Forward	4
HFAs' Portfolios Enhanced by a Diversity of Mortgage Insurers, Although Insurer Downgrades Could Put Pressure on Program Ratings	5
HFA Fixed Rate Loan Product Supports Solid Loan Performance Although Riskier Products May Be a Concern Going Forward for Certain HFAs	6
HFA Programs Comprised of Seasoned Loans as well as Newer Vintage Loans	7
Impact of Housing Market Performance on HFA Program Ratings	8
Appendix	9
Moody's Related Research	19

Analyst Contacts:

New York

Rachael McDonald <i>Analyst</i>	1.212.553.4456
Florence Zeman <i>Senior Vice President</i>	1.212.553.4836
Lisa Washburn <i>Team Managing Director</i>	1.212.553.4133

State HFA Single Family Whole Loan Programs Experience Increasing Delinquencies and Foreclosures in 2007 Although Performance Remains Consistent with Existing Ratings

Performance for Most HFAs Mirror 2005 Results

Summary Opinion

In early 2008, the Moody's housing team surveyed all Moody's-rated State Housing Finance Agencies (HFAs) in order to obtain delinquency and foreclosure data for their single family whole loan programs. Overall, the HFAs have experienced an increase in delinquency and foreclosure rates in 2007 versus 2006, although for many HFAs these rates still remain below 2005 levels. In addition, the number of foreclosures continues to remain low for the majority of the programs.

Most programs' delinquency and foreclosure rates remain consistent with historical levels. While some HFAs are experiencing higher rates, we believe that the security provided by the programs' mortgage insurance and overcollateralization support the existing ratings on the programs. Furthermore, in our view, the mortgage insurance and overcollateralization will compensate for the losses that



Moody's Investors Service

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

most HFAs would experience due to severe housing price declines and loan foreclosures. However, property value declines will cause some stress within the agencies' portfolios particularly in states where property value declines and foreclosure rates are most severe. We continue to monitor individual HFA's loan and financial performance closely to determine their ongoing ability to withstand these stresses.

Key findings of our survey include the following:

- Between December 31, 2006 and December 31, 2007 average total delinquencies and foreclosures for the 34 single family whole loan programs rated by Moody's increased 29 basis points to 3.58% from the December 31, 2006 level of 3.29%. However, the average total delinquency and foreclosure rate in December 31, 2007 still remains below the December 31, 2005 rate of 3.82%.
- While approximately three fourths of the programs reported 2007 total delinquencies and foreclosures above 2006 levels, approximately half experienced lower total delinquencies and foreclosures in 2007 than they did in 2005.
- Of the 33 programs that reported raw numbers of loans, 10 reported a lower raw number of loans in foreclosure in 2007 than in 2005. In addition, foreclosure rates remain low for most HFAs. In 2007, 21 programs had foreclosure rates below 1% and 10 of those were below .50%. Only two HFAs reported foreclosure rates above 2% in 2007.
- In general, HFA programs consist of loan pools that contain a diversity of loan vintages, including a large percentage of seasoned loans. In general, these more seasoned loans lend strength to the programs because they have demonstrated solid performance over time. Furthermore, the properties financed by more seasoned loans may have experienced enough home price appreciation to mitigate potential risks of losses upon foreclosure.
- HFA programs are overwhelmingly comprised of fixed rate level payment mortgage loans, with 91% of the portfolio comprised of these loans. However, 14 of the HFA programs include interest only or step rate loans which could experience increased delinquencies and foreclosures when the loan payment resets.

Process for Benchmarking Delinquencies and Foreclosures

In order to evaluate the performance of an HFA's mortgage loan portfolio, Moody's reviews each HFA's delinquency and foreclosure rates using several benchmarks. First, we compare the HFA's data, both as a percent of loans outstanding as well as an absolute number, to prior periods to determine trends in the portfolio's performance. We also evaluate the HFA's data relative to overall state-specific data provided by the MBA "National Delinquency Survey." Moody's typically compares HFA data to MBA's data on FHA loan delinquencies and foreclosures for the relevant state and national average since HFAs' borrowers generally have similar income characteristics and purchase similarly priced homes as the borrowers of FHA insured loans. Although FHA loans are the most important benchmark, Moody's also compares the HFA data to total loan delinquencies and foreclosures for the relevant state (referred to as "All Loans" in this report) as well as the national average in order to compare the HFAs to the broader housing market.

In February 2008, the Moody's housing team surveyed all Moody's-rated State Housing Finance Agencies (HFAs) in order to obtain delinquency and foreclosure data for their single family whole loan programs. Three years of data were requested from HFAs as of December 31, 2007, 2006 and 2005. Moody's requested that the HFAs supply information in a specific format. This format may differ from what is presented in an HFA's disclosure or official statement. As a result the data may differ somewhat from what is reported elsewhere.

The data received by Moody's was compared with data published in the MBA National Delinquency Survey for the fourth quarter of 2007, 2006 and 2005. The fourth quarter 2007 data was published in March 2008. Typically, there is a lag of several months between the date of the data and when we are able to publish the data and our analysis of it. This lag includes the time needed for the HFAs to gather the data in the format requested by Moody's as well, the availability of the MBA Survey and time needed to review and analyze the data.

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

HFA Serious Delinquencies and Foreclosures Grow in 2007

A review of the Moody's-rated HFA single family whole loan portfolio indicates that the portfolio as a whole has experienced an increase in delinquency and foreclosure rates between December 31, 2006 and December 31, 2007. However, on average these rates have remained below the rates as of December 31, 2005 and show stronger performance than the national conventional market. The average of total loan delinquencies and foreclosures increased 29 basis points in 2007 from an average of 3.29% as of December 2006 to 3.58% as of December 2007.¹ In contrast, data provided by the MBA indicates that during the same time period the average delinquencies and foreclosures for "All Loans" increased 128 basis points from 2.53% to 3.81%.²

HFA Loan Performance Compares Favorably to MBA Survey Data

HFAs report lower total delinquency and foreclosure rates than All Loans and FHA Loans

Delinquency Data*	12/31/07 Averages			12/31/06 Averages			12/31/05 Averages		
	HFA Loans	All Loans	FHA Loans	HFA Loans	All Loans	FHA Loans	HFA Loans	All Loans**	FHA Loans**
60+	1.36%	1.02%	2.29%	1.28%	0.81%	2.23%	1.41%	0.71%	2.30%
90+	1.31%	1.18%	2.82%	1.22%	0.77%	2.70%	1.46%	0.69%	2.64%
Foreclosure	0.92%	1.60%	1.90%	0.79%	0.96%	1.72%	0.95%	0.81%	1.85%
Total	3.58%	3.81%	7.00%	3.29%	2.53%	6.65%	3.82%	2.21%	6.79%
Percent Change	8.94%	50.54%	5.33%	-13.89%	14.68%	-2.11%			
Basis Point Change	+29.4	+127.9	+35.4	-53.1	+32.4	-14.3			

*"National Delinquency Survey, Fourth Quarter 2005," "National Delinquency Survey, Fourth Quarter 2006," and "National Delinquency Survey, Fourth Quarter 2007."

** All Loans and FHA Loans are an average of the MBA data for the loans in the 31 states with programs rated by Moody's.

The trends in the performance of the state HFA loan portfolio more closely mirrored its peer group of FHA insured loans. Both groups experienced an increase in loan delinquencies and foreclosures; however, the 2007 total HFA loan delinquencies of 60+ days and foreclosures at 3.58%, were significantly lower than the delinquency and foreclosure rates for FHA loans at 7.00%. The total delinquency and foreclosure rates for HFA loans rose from 3.29% in December 2006 to 3.58% in December 2007 while the rates for FHA loans rose from 6.65% in December 2006 to 7.00% in December 2007. The rate of increase in delinquencies and foreclosures for the HFA and FHA loans both remained well below the rate of growth for all loan in their respective states, which include subprime loans.

On an individual program basis, 25 of the 34 HFA programs had a higher percentage of total delinquencies and foreclosures in 2007 than in 2006. However, when the 2007 rates are compared to the 2005 rates, HFAs are on par or better. For example, in 2007, 17 of the 34 HFA programs had a lower percentage of total delinquencies and foreclosures than they did in 2005. While increased pressures within the nationwide housing market could cause HFA delinquencies and foreclosure rates to rise in the future, we believe that performance to date remains within historical norms for the HFAs.

¹ For this analysis, Moody's used survey data gathered in 2008 from the HFAs as well as the 2005, 2006 and 2007 MBA National Delinquency Surveys to calculate the percentage of the total number of loans in the portfolio that were over 60 days delinquent, over 90 days delinquent, and in foreclosure (including those in bankruptcy).

² MBS National Delinquency Survey "All Loans" table. This data includes prime loans, subprime loans, FHA loans, Veterans Administration (VA) loans, prime fixed rate mortgage loans (FRMs), subprime FRMs, FHA FRMs, FHA adjustable rate mortgage loans (ARMs), prime ARMs and subprime ARMs.

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

State HFA Foreclosure Outperforming National Averages

Relative to the broader universe of loans that are contained in the MBA "All Loans" category, HFA delinquencies are above the national averages but foreclosures are below the averages. As of December 31, 2007 the average percent of loans 60+ and 90+ days delinquent for the HFA loan portfolio was 2.67%, which is 46 basis points higher than the average for "All Loans." However, the average percent of HFA loans in foreclosure of 0.89% was lower than the average of 1.60% of loans in foreclosure for "All Loans" in the relevant states.

Higher delinquencies but lower foreclosure rates in HFA portfolios is a trend that has been observed for many years. While delinquencies may be higher than national averages, when loans become seriously delinquent, many of the HFAs begin to take action to mitigate program losses and reach out to the borrowers to work out problems. As a result, the number of loans actually going into foreclosure from the 90+ days delinquent pool drops.

When viewed on an individual program basis, it is clear that most of the HFAs still have low foreclosure rates. In 2007, 21 programs had foreclosure rates below 1% including 10 below .50% and only 2 HFAs have foreclosure rates above 2%. This performance is comparable to 2005, where four HFAs had foreclosure rates above 2% and 23 HFAs had foreclosure rates below 1%. Much of the stability in the foreclosure rate can be attributed to the credit characteristics of the HFA programs including level payment fixed rate loans, which have proved to have more stable performance than some of the adjustable rate mortgage products offered in the conventional market.

Since HFA programs are generally open indentures in which new loans are added to an existing pool, we also reviewed the absolute numbers of foreclosures to make sure that the very rapid growth of the portfolios experienced by many HFAs in 2006 and 2007 were not disguising higher foreclosures. This analysis resulted with a conclusion that overall HFA foreclosures remain stable although certain states are experiencing growing numbers of foreclosures. Of the 33 programs that reported foreclosures, 19 of the programs reported foreclosure statistics in 2007 that were substantially equal to or below the amount of foreclosures experienced in either 2006 or 2005. The remaining 14 programs reported higher foreclosures in 2007. We are closely monitoring those programs and are discussing the experience with the HFAs. While the foreclosure rates in these states are higher and merit a certain level of concern it should be noted that they are still well below the stress levels assumed in our loan loss analysis which may exceed 30% depending on the characteristics of the pool.

Property Value Declines Could Increase Delinquencies and Foreclosures Going Forward

Property value declines nationwide could increase loan losses and cause stress within the agencies' portfolios, particularly in states where property value declines and foreclosure rates are most severe. In fact, of the 14 states with increases in foreclosures since 2005, the Office of Federal Housing Enterprise Oversight (OFHEO) reports that three have had house price depreciation as of the 4th quarter of 2007 vs. the year prior, while another three had minimal house price appreciation of less than 1%.³ It should be noted, however, that the housing market in some of the states remains strong, with three HFA programs in states with housing price appreciations of over 7% and the remainder in states with appreciation of 4% to 7%.

³ Source: OFHEO <http://www.ofheo.gov/hpi.aspx>

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

HFAs' Portfolios Enhanced by a Diversity of Mortgage Insurers, Although Insurer Downgrades Could Put Pressure on Program Ratings

The risk of losses upon loan foreclosures is mitigated in state HFA programs by mortgage insurance on individual loans with loan-to-value ratios above 80%. HFA single family whole loan programs rated by Moody's generally maintain a diversity of primary mortgage insurance, providers including government-sponsored mortgage insurance (Federal Housing Administration (FHA), Veteran's Administration (VA) guarantee, or Rural Housing Community Development Services Guarantee (RD)) and private mortgage insurers (PMI). The chart below contains an average breakdown of the HFAs' loan portfolio mortgage insurance coverage as of December 31, 2007 by dollar amount outstanding.

Diversity Of Mortgage Insurers In HFA Programs May Mitigate Impact Of Rating Actions

Mortgage Insurance	% of Loans Outstanding as of 12/31/07
FHA	33.34%
VA	6.44%
RD	8.60%
MGIC	11.67%
Genworth	6.15%
UGRIC	4.81%
Radian	3.80%
RMIC	1.58%
Triad	0.26%
Other PMI	5.24%
Other	4.04%
Uninsured with LTV below 80%	12.50%
Uninsured with LTV above 80%	2.31%

Approximately half of the programs have a concentration of private mortgage insurance of more than 33% of the portfolio which would make their ratings more vulnerable in case of a downgrades of these insurers. For a breakdown of mortgage insurance by HFA as of December 31, 2007 please see Appendix Table III.

Recently, several mortgage insurance companies have been placed on watch list for downgrade or were downgraded. Moody's ratings on U.S. mortgage insurance companies as of April 28, 2008 are as follows:

Mortgage Insurer	Insurer Financial Strength Rating	Outlook
Genworth MIC	Aa2	Negative
MGIC	Aa2 rating under review for downgrade	
PMI MIC	Aa2 rating under review for downgrade	
Radian Guaranty	Aa3 rating under review for downgrade	
RMIC	Aa3	Negative
Triad	Baa3 rating under review for downgrade	
UGRIC	Aa2	Negative

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

The support provided by a mortgage insurer, while important, is only one of many factors impacting the analysis of a single family whole loan program. As a result there is not a direct relationship between the rating on the insurer and the rating on the bonds. We do not look for the mortgage insurance company to have the same rating as the bonds but rather a financial strength rating at a level which is high enough to support the desired rating on the bonds.

The chart below contains the bond rating categories and their minimum corresponding mortgage insurer ratings.

Bond Rating	Insurer Financial Strength Rating
Aaa	Aa3
Aa1-Aa3	A1
A1 - A3	A3
Baa1 - Baa3	Baa3

For more information regarding the impact of changes to mortgage insurers' ratings, please see Moody's February 2008 Special Comment entitled, "Hot Topic in Housing: Update to Impact of Mortgage Insurer Rating Changes on Housing Finance Agency Programs Answers to Frequently Asked Questions."

Why is the rating of a mortgage insurer important to the rating of an HFA whole loan program?

One of the key components of a single family housing program rating is an analysis of the pool of loans that secure the bonds. For a whole loan program, primary and pool mortgage insurance are factors in this analysis. For each whole loan program, Moody's calculates a loan loss amount, i.e. a hypothetical amount of losses from mortgage defaults and foreclosures that a program should be able to absorb while still meeting payment obligations on the bonds. The loan loss amount varies based on the rating level of the transaction, (in other words, the loan loss amount is higher for a Aaa than for a A1 rating) and the characteristics of the specific loan pools. The loan loss is the product of a probability of foreclosure and dollar loss upon foreclosure. Since mortgage insurance absorbs losses on foreclosures (up to the predetermined levels established by the particular policy) it reduces the losses that could potentially impact the performance of the bond program. The rating of the mortgage insurer reflects its ability to honor payments on its claims and therefore is a component in determining the rating of the overall program.

HFA Fixed Rate Loan Product Supports Solid Loan Performance Although Riskier Products May Be a Concern Going Forward for Certain HFAs

HFAs have traditionally offered fully amortizing, fixed-rate, level payment mortgage loan product. This type of loan generally has more stable performance than other loan products as the monthly mortgage payment remains unchanged for the life of the loan, removing the risk that the borrower will not be able to meet an increased payment, which is also known as payment shock. In addition, the loan is underwritten based on this fixed payment. Nearly 91% of the average HFA portfolios are comprised of 30 year fixed-rate loans, while another 2% are fixed-rate loans with terms of other than 30 years. Of the HFA programs, 19 only offer these level payment options and all of the 14 remaining HFAs have programs where fixed rate level payment loans comprise more than half of the loans outstanding. (Please see Appendix Table IV for a breakdown of individual HFA's loan portfolios by loan type.)

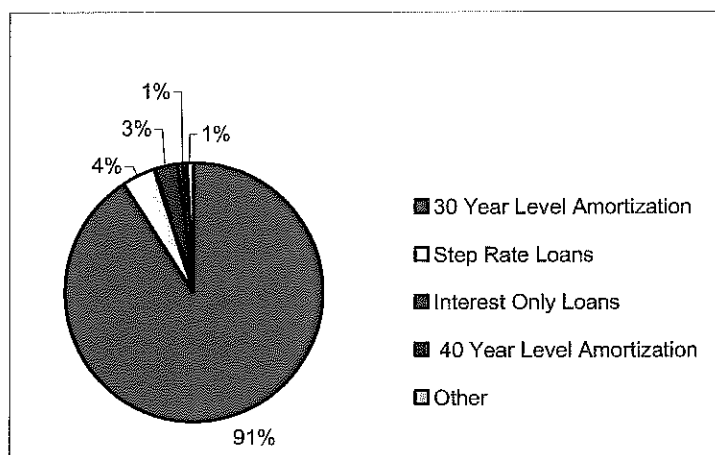
Historically some HFAs have offered step rate loans in addition to the level payment loans. In a step rate loan a reduced interest rate is offered for the first few years of a loan and this rate steps up to a higher rate over a set period of time. This results in increased payments at the time the higher rate is implemented which brings

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

the risk of payment shock into the program. It should be noted however, that unlike adjustable rate loans, the increased rate and the increased monthly payment are known at the time the mortgage is entered into. Generally, many HFAs report that these step rate loans have performed in line with the fixed rate product.

In addition, over the past five years, some HFAs have begun offering interest-only loans in which the borrower pays only interest on the mortgage for a set period of time (generally 5 to 10 years) and then the principal on the loan begins to amortize for the remaining term of the loan (anywhere from 23 to 30 years). Unlike some riskier conventional mortgage products, the mortgage payment in these loans changes only once and the amount of the higher payment is known at loan closing. Furthermore, the HFA maintains ongoing communication with the borrower about the upcoming higher payments which may be coming due which may mitigate some of the payment shock. Nonetheless, the payment shock in these loans could result in higher delinquencies and foreclosures. These loans have not seasoned sufficiently to convert to their higher payment upon amortization so the relative performance of these loans is unknown. Generally, we expect the Interest Only and Step Rate loans to have higher delinquencies and incorporate this into our loan loss assumptions when reviewing the programs and their ratings.

Vast Majority of HFA Loans are 30-Year Fixed Rate Loans as of 12/31/07

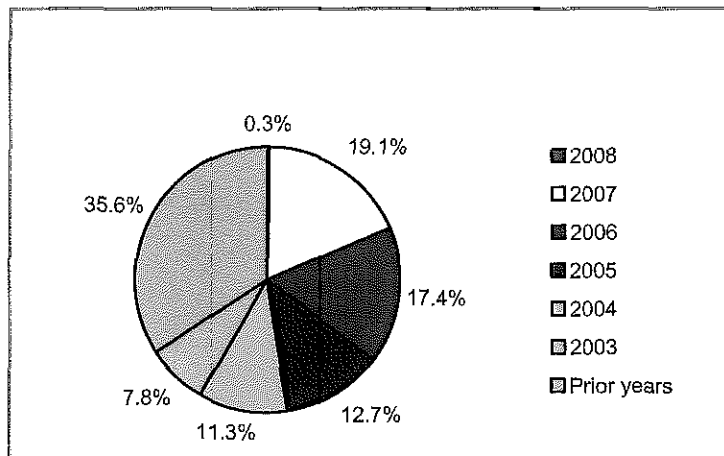


HFA Programs Comprised of Seasoned Loans as well as Newer Vintage Loans

Most HFA loan portfolios contain loans of multiple vintages. (Please see Appendix Table V for a breakdown of individual HFA's loan seasoning). Most of the programs are funded under open bond resolutions, many of which were started ten or more years ago. These resolutions allow for new debt to be issued on parity with existing debt and newly financed loans to be added to existing portfolios. As a result the loan portfolios supporting the bonds contain loans originated over several years.

Generally, the more seasoned loans in HFA's single family whole loan pools have demonstrated solid performance over time and therefore are likely to experience lower delinquencies and foreclosures than newer loans. Furthermore, properties financed by more seasoned loans may have experienced home price appreciation mitigating potential risks of losses upon foreclosure. While the 2006 and 2007 vintage loans may experience more stress in states where home prices are experiencing depreciation or minimal growth, as the portfolio grows, these loans should decline as a percent of the program, mitigating their impact. Nonetheless, given the declining or stagnant market in many states, the 2006 and 2007 vintage loans are the most vulnerable and could result in higher delinquency and foreclosure levels as they begin to season.

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

HFA Portfolios Include a Diversity of Loan Vintage as of 12/31/07**Impact of Housing Market Performance on HFA Program Ratings**

The relative stability of HFA delinquency statistics to date reflects the strength of the business practices of HFAs which include stable underwriting standards, offering traditional mortgage products, strong oversight and/or maintenance of loan servicing, and the HFAs' mission of home ownership for first-time home buyers.

While we expect this portfolio stability to continue going forward, many states are experiencing housing market stresses which may impact HFA portfolios. If property values decline, delinquencies and foreclosures are likely to rise, resulting in higher loan losses. In the event that we start to see foreclosure rise extensively, generally at a level of foreclosures above 5%, and/or the market value of single family housing in the state declining at levels approaching 20% peak to trough, we will revisit our analysis of the potential loan losses on the programs to determine whether the current levels of mortgage insurance and other financial resources available to the program are still at a sufficient level to maintain the rating on the bonds.

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

Appendix

Table I

Delinquencies and Foreclosures for Moody's-Rated State HFA Single Family Whole Loan Programs
(Percent by Total Number of Loans)

#	HFA Single Family Whole Loan Program	As of 12/31/2007				As of 12/31/2006				As of 12/31/2005			
		60+	90+	Foreclosure	Total	60+	90+	Foreclosure	Total	60+	90+	Foreclosure	Total
1	Alaska HFC - Home Mortgage Revenue Bonds	0.68%	0.24%	0.35%	1.27%	0.63%	0.20%	0.30%	1.14%	0.63%	0.22%	0.33%	1.18%
2	CalHFA - Home Mortgage Revenue Bond Program	1.05%	0.58%	1.38%	3.01%	1.01%	0.35%	0.63%	1.99%	0.91%	0.39%	0.75%	2.05%
3	Colorado HFA - Single Family Program	1.28%	2.27%	0.92%	4.46%	1.07%	2.44%	0.76%	4.27%	1.46%	2.96%	0.98%	5.40%
4	Connecticut HFA - Housing Mortgage Finance Bonds*	1.97%	1.14%	2.10%	5.20%	1.72%	1.18%	1.96%	4.86%	2.16%	1.29%	2.13%	5.58%
5	Delaware State HA - Senior Single Family Mortgage Revenue Bonds	1.77%	3.98%	0.00%	5.75%	1.04%	1.80%	0.00%	2.84%	1.74%	5.15%	0.16%	7.05%
6	Florida HFC - Homeowner Mortgage Revenue Bonds	2.70%	2.52%	1.35%	6.57%	2.35%	1.83%	0.61%	4.80%	2.61%	2.43%	0.96%	6.01%
7	Idaho H&FA - Single Family Mortgage Bond Indentures	0.84%	2.03%	1.93%	4.80%	0.76%	2.30%	2.68%	5.74%	1.16%	2.59%	2.69%	6.44%
8	Illinois HDA - Homeowner Mortgage Revenue Bonds	1.14%	1.07%	0.83%	3.04%	1.00%	1.14%	0.59%	2.74%	1.10%	1.77%	0.52%	3.39%
9	Kentucky HC - Housing Revenue Bonds	1.79%	2.80%	1.07%	5.65%	1.45%	2.42%	1.05%	4.92%	1.62%	2.52%	1.18%	5.32%
10	Maine State HA - Mortgage Purchase Program	2.20%	1.63%	0.86%	4.70%	1.96%	1.36%	0.97%	4.29%	2.09%	1.22%	1.04%	4.35%
11	Maryland CDA - Residential Revenue Bonds	1.73%	2.07%	0.19%	3.99%	1.78%	1.83%	0.25%	3.86%	1.35%	2.93%	0.28%	4.57%
12	MassHousing - Single Family Housing Revenue	0.46%	0.25%	0.39%	1.10%	0.41%	0.31%	0.27%	0.98%	0.34%	0.21%	0.34%	0.90%
13	Minnesota HFA - Residential Housing Finance Bonds	1.51%	0.68%	2.31%	4.49%	1.32%	0.61%	1.44%	3.37%	0.98%	0.53%	1.15%	2.66%
14	Montana Boh - Single Family Mortgage (1977 Indenture)	0.39%	0.43%	0.48%	1.29%	0.31%	0.29%	0.35%	0.95%	0.43%	0.33%	0.57%	1.33%
15	Montana Boh - Single Family Program Bonds	0.29%	0.51%	0.68%	1.49%	0.68%	0.51%	0.32%	1.52%	0.33%	0.38%	0.51%	1.21%
16	New Hampshire HFA - Single Family Mortgage Acquisition Revenue Bonds**	0.97%	2.39%	NA	3.36%	0.74%	2.40%	NA	3.14%	1.11%	2.04%	NA	3.15%
17	New Jersey Housing & Mortgage FA Housing Revenue Bond Resolution	0.97%	1.86%	1.19%	4.02%	1.10%	1.90%	0.95%	3.94%	1.16%	1.66%	0.99%	3.81%
18	North Carolina HFA - Home Ownership Revenue Bonds (1988)	1.70%	1.22%	0.50%	3.43%	1.81%	1.22%	0.61%	3.63%	1.90%	0.97%	0.69%	3.55%
19	North Dakota HFA - Home Mortgage Finance Program	0.61%	0.62%	0.35%	1.58%	0.94%	0.76%	0.28%	1.97%	1.03%	0.84%	0.45%	2.33%
20	Oregon HCSD - Single Family Mortgage Revenue Bonds	0.50%	0.78%	0.91%	2.18%	0.34%	0.91%	1.06%	2.31%	0.46%	1.30%	1.41%	3.17%
21	Pennsylvania HFA - Single Family Mortgage Revenue Bonds	1.55%	1.54%	0.56%	3.64%	1.74%	1.84%	0.63%	4.21%	2.21%	2.46%	0.82%	5.49%
22	Rhode Island HMFIC - Homeownership Opportunity Bonds	0.94%	0.49%	0.19%	1.62%	0.92%	0.36%	0.08%	1.36%	1.00%	0.09%	0.09%	1.18%
23	SONYMA - Homeowner Mortgage Revenue Bonds	0.61%	0.24%	0.86%	1.70%	0.59%	0.32%	0.60%	1.51%	0.54%	0.32%	0.74%	1.60%

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

24	South Carolina State HFDA - Mortgage Revenue Bonds	4.04%	1.41%	1.94%	7.39%	2.99%	1.20%	1.81%	6.00%	4.31%	0.99%	2.72%	8.02%
25	South Dakota HDA - Homeownership Mortgage Bonds	0.51%	0.27%	1.10%	1.88%	0.60%	0.26%	0.93%	1.78%	0.55%	0.25%	1.15%	1.95%
26	Tennessee HDA - Homeownership Program Bonds	2.90%	4.02%	0.66%	7.58%	3.22%	4.57%	0.87%	8.65%	3.56%	5.78%	0.97%	10.31%
27	Utah HC - Single Family Mortgage Rev Bonds (2000 Indenture)	1.07%	0.80%	0.93%	2.80%	1.75%	1.19%	0.82%	3.76%	1.65%	1.25%	0.65%	3.55%
28	Vermont HFA - Single Family Housing Bonds	1.17%	0.55%	0.76%	2.48%	1.49%	0.44%	0.65%	2.57%	1.29%	0.69%	0.69%	2.66%
29	Virginia HDA - Commonwealth Mortgage Bonds	1.15%	1.05%	0.46%	2.66%	1.06%	1.00%	0.26%	2.32%	0.86%	0.58%	0.29%	1.73%
30	West Virginia HDF - Housing Finance Bonds	1.36%	0.63%	1.20%	3.20%	1.25%	0.57%	0.95%	2.78%	1.21%	0.78%	1.14%	3.13%
31	Wisconsin HEDA Homeownership Revenue Bonds (1988 Resolution)	0.40%	0.33%	0.36%	1.09%	0.15%	0.07%	0.40%	0.62%	0.23%	0.08%	0.33%	0.64%
32	Wisconsin HEDA Homeownership Revenue Bonds (1987 Resolution)	0.30%	0.23%	0.38%	0.91%	0.19%	0.10%	0.35%	0.63%	0.26%	0.08%	0.43%	0.77%
33	Wyoming CDA - Single Family Mortgage (1994 Indenture)	2.25%	0.71%	1.43%	4.40%	2.15%	0.58%	1.08%	3.80%	2.24%	0.70%	2.45%	5.39%
34	Wyoming CDA - Single Family Mortgage Revenue Bonds	2.53%	0.65%	1.01%	4.20%	1.76%	0.30%	0.97%	3.04%	1.20%	0.38%	1.91%	3.49%

* Data includes information on loans that were pooled into Ginnie Mae securities.

** Foreclosures are included in 90+ days.

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

Table II

Delinquencies and Foreclosures for Moody's-Rated State HFA Single Family Whole Loan Programs
(Number of Loans)

#	HFA Single Family Whole Loan Program	As of 12/31/2007				As of 12/31/2006				As of 12/31/2005			
		60+	90+	Foreclosure	Total	60+	90+	Foreclosure	Total	60+	90+	Foreclosure	Total
1	Alaska HFC - Home Mortgage Revenue Bonds	164	57	85	24,137	151	49	73	24,010	156	54	81	24,697
2	CalHFA - Home Mortgage Revenue Bond Program	320	178	420	30,468	273	94	171	27,037	225	96	185	24,715
3	Colorado HFA - Single Family Program	298	530	214	23,356	203	462	144	18,958	243	491	163	16,602
4	Connecticut HFA - Housing Mortgage Finance Bonds*	516	298	552	26,251	427	293	488	24,837	525	312	516	24,267
5	Delaware State HA - Senior Single Family Mortgage Revenue Bonds	16	36	0	905	11	19	0	1,055	22	65	2	1,263
6	Florida HFC - Homeowner Mortgage Revenue Bonds	78	73	39	2,894	77	60	20	3,274	103	96	38	3,946
7	Idaho H&FA - Single Family Mortgage Bond Indentures	85	207	196	10,173	54	164	191	7,125	75	168	174	6,476
8	Illinois HDA - Homeowner Mortgage Revenue Bonds	117	110	85	10,257	95	108	56	9,467	95	153	45	8,637
9	Kentucky HC - Housing Revenue Bonds	459	717	273	25,631	314	523	227	21,647	293	454	212	18,035
10	Maine State HA - Mortgage Purchase Program	260	193	102	11,815	234	162	116	11,937	255	149	127	12,214
11	Maryland CDA - Residential Revenue Bonds	197	236	22	11,397	145	149	20	8,142	91	197	19	6,721
12	MassHousing - Single Family Housing Revenue Bonds	37	20	31	8,002	29	22	19	7,154	21	13	21	6,093
13	Minnesota HFA - Residential Housing Finance Bonds	201	91	308	13,354	137	63	149	10,365	78	42	91	7,930
14	Montana BoH - Single Family Mortgage (1977 Indenture)	25	28	31	6,493	17	16	19	5,467	18	14	24	4,210
15	Montana BoH - Single Family Program Bonds	12	21	28	4,104	32	24	15	4,674	18	21	28	5,535
16	New Hampshire HFA - Single Family Mortgage Acquisition Revenue Bonds**	70	173	NA	7,239	48	157	NA	6,529	62	114	NA	5,580
17	New Jersey Housing & Mortgage FA Housing Revenue Bond Resolution	56	108	69	5,803	37	64	32	3,377	28	40	24	2,413
18	North Carolina HFA - Home Ownership Revenue Bonds (1988)	282	202	83	16,544	268	181	90	14,833	277	141	100	14,572
19	North Dakota HFA - Home Mortgage Finance Program	67	68	38	10,980	99	80	30	10,586	110	90	48	10,656
20	Oregon HCSD - Single Family Mortgage Revenue Bonds	39	61	71	7,845	24	65	75	7,104	31	88	96	6,787

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

21	Pennsylvania HFA - Single Family Mortgage Revenue Bonds	750	744	269	48,424	768	809	276	44,061	898	1,001	333	40,677
22	Rhode Island HMF - Homeownership Opportunity Bonds	86	45	17	9,124	72	28	6	7,794	67	6	6	6,723
23	SONYMA - Homeowner Mortgage Revenue Bonds	238	92	334	39,002	229	125	235	39,023	210	122	286	38,710
24	South Carolina State HFDA - Mortgage Revenue Bonds	323	113	155	7,999	215	86	130	7,186	262	60	165	6,073
25	South Dakota HDA - Homeownership Mortgage Bonds	86	46	186	16,894	94	40	145	15,656	82	37	171	14,865
26	Tennessee HDA - Homeownership Program Bonds	637	884	145	21,985	621	880	167	19,273	647	1,049	176	18,159
27	Utah HC - Single Family Mortgage Rev Bonds (2000 Indenture)	68	51	59	6,357	119	81	56	6,809	96	73	38	5,825
28	Vermont HFA - Single Family Housing Bonds	68	32	44	5,801	78	23	34	5,243	62	33	33	4,804
29	Virginia HDA - Commonwealth Mortgage Bonds	415	381	167	36,214	348	326	84	32,718	257	172	87	29,760
30	West Virginia HDF - Housing Finance Bonds	174	81	154	12,800	152	70	116	12,178	144	92	135	11,858
31	Wisconsin HEDA Homeownership Revenue Bonds (1988 Resolution)	63	51	56	15,557	21	10	57	14,262	28	10	41	12,257
32	Wisconsin HEDA Homeownership Revenue Bonds (1987 Resolution)	37	29	47	12,402	19	10	35	10,083	23	7	38	8,815
33	Wyoming CDA - Single Family Mortgage (1994 Indenture)	203	64	129	9,007	171	46	86	7,967	166	52	181	7,400
34	Wyoming CDA - Single Family Mortgage Revenue Bonds	35	9	14	1,382	29	5	16	1,646	22	7	35	1,833

* Data includes information on loans that were pooled into Ginnie Mae securities.

** NA = not available. Foreclosures are included in 90+ days.

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

Table III

Mortgage Insurance Data for Moody's-Rated State HFA Single Family Whole Loan Programs as of December 31, 2007

#	HFA Single Family Whole Loan Program	FHA	VA	RD	MGIC	Genworth	UGRIC	Radian	RMIC	Triad	Other PMI	Other	Uninsured with LTV below 80%	Uninsured with LTV above 80%
1	Alaska HFC - Home Mortgage Revenue Bonds	22.28%	23.45%	1.16%	1.72%	0.00%	0.22%	1.93%	0.04%	0.00%	5.57%	5.00%	28.62%	10.01%
2	CalHFA - Home Mortgage Revenue Bond Program	35.23%	0.00%	0.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	41.00%	23.39%	0.00%
3	Colorado HFA - Single Family Program	66.79%	6.43%	5.22%									7.10%	
4	Connecticut HFA - Housing Mortgage Finance Bonds	70.80%	3.30%	1.20%	1.20%	0.00%	1.70%	0.20%	0.60%	0.00%	4.80%	0.10%	16.10%	0.00%
5	Delaware State HA - Senior Single Family Mortgage Revenue Bonds	6.33%	53.27%	0.75%	13.25%	0.00%	0.95%	0.40%	10.17%	0.00%	9.20%	0.00%	5.68%	0.00%
6	Florida HFC - Homeowner Mortgage Revenue Bonds	47.26%	11.46%	5.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.70%	14.65%	0.00%	0.00%
7	Idaho HFA - Single Family Mortgage Bond Indentures*	38.41%	4.85%	7.45%	9.58%	25.28%	1.70%	3.88%	0.13%	0.04%	0.22%	8.35%	0.12%	0.00%
8	Illinois HDA - Homeowner Mortgage Revenue Bonds	0.13%	0.00%	6.36%	34.13%	2.79%	19.86%	7.60%	3.88%	0.00%	1.60%	0.00%	23.65%	0.00%
9	Kentucky HC - Housing Revenue Bonds	44.40%	4.45%	19.50%	0.36%	0.74%	0.77%	0.02%	0.04%	0.07%	0.05%	28.21%	0.29%	1.10%
10	Maine State HA - Mortgage Purchase Program	25.00%	8.00%	27.00%	16.00%	1.00%	2.00%	3.00%	1.00%	1.00%	4.00%	0.00%	6.00%	8.00%
11	Maryland CDA - Residential Revenue Bonds	36.25%	2.67%	1.54%	28.20%	1.76%	13.62%	1.59%	9.81%	0.88%	2.60%	0.19%	0.88%	0.00%
12	MassHousing - Single Family Housing Revenue Bonds	1.61%	0.00%	0.06%	3.45%	0.77%	0.00%	1.35%	1.08%	0.00%	61.30%	0.00%	30.18%	0.19%
13	Minnesota HFA - Residential Housing Finance Bonds**	18.99%	1.48%	20.78%	23.72%	9.89%	3.29%	0.00%	6.37%	0.00%	3.75%	0.00%	11.73%	0.00%
14	Montana BoH - Single Family Mortgage (1977 Indenture)	51.10%	12.50%	17.80%	3.10%	11.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.30%	4.00%	0.02%
15	Montana BoH - Single Family Program Bonds	66.00%	9.50%	23.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.70%	0.10%	0.00%
16	New Hampshire HFA - Single Family Mortgage Acquisition Revenue Bonds	11.50%	5.00%	6.60%	0.90%	0.90%	63.30%	0.60%	0.00%	0.00%	0.00%	0.00%	11.20%	0.00%
17	New Jersey Housing & Mortgage FA Housing Revenue Bond Resolution	42.20%	4.20%	1.60%	22.20%	0.20%	5.50%	0.20%	0.10%	0.10%	0.40%	3.00%	16.00%	4.30%
18	North Carolina HFA - Home Ownership Revenue Bonds (1988)	40.15%	5.38%	9.68%	6.94%	21.44%	3.33%	1.02%	2.83%	0.42%	0.00%	2.64%	5.15%	1.01%
19	North Dakota HFA - Home Mortgage Finance Program	56.00%	8.00%	10.00%	9.00%	6.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.00%	0.00%
20	Oregon HCSD - Single Family Mortgage Revenue Bonds	41.69%	0.00%	10.19%	18.34%	0.15%	3.09%	0.09%	1.59%	0.06%	0.56%	0.00%	24.23%	0.00%

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

21	Pennsylvania HFA - Single Family Mortgage Revenue Bonds	43.50%	3.70%	5.00%	0.80%	4.20%	2.00%	2.40%	1.80%	0.40%	21.60%	0.00%	16.50%	0.00%
22	Rhode Island HMFC - Homeownership Opportunity Bonds	9.81%	2.09%	0.42%	26.17%	11.73%	4.99%	6.64%	0.43%	0.00%	1.59%	10.54%	19.33%	6.25%
23	SONYMA - Homeowner Mortgage Revenue Bonds	0.02%	0.00%	0.00%	0.00%	20.55%	0.00%	25.82%	0.00%	0.00%	0.05%	5.13%	48.43%	0.00%
24	South Carolina State HFDA - Mortgage Revenue Bonds	43.57%	0.69%	0.51%	9.35%	5.02%	20.49%	0.48%	5.74%	4.38%	4.04%	0.00%	5.73%	0.00%
25	South Dakota HDA - Homeownership Mortgage Bonds	30.70%	7.09%	29.14%	16.32%	0.00%	0.00%	0.00%	0.00%	0.00%	6.75%	0.00%	10.00%	0.00%
26	Tennessee HDA - Homeownership Program Bonds	63.68%	4.27%	11.50%	5.50%	6.95%	2.49%	0.10%	0.93%	0.20%	0.10%	0.22%	4.06%	0.00%
27	Utah HC - Single Family Mortgage Rev Bonds (2000 Indenture)	97.77%	2.22%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	Vermont HFA - Single Family Housing Bonds	0.02%	0.01%	11.15%	56.29%	0.15%	0.05%	0.00%	0.00%	0.00%	4.46%	0.10%	27.76%	0.00%
29	Virginia HDA - Commonwealth Mortgage Bonds	25.70%	10.00%	3.00%	4.00%	1.90%	0.80%	0.30%	2.60%	0.40%	1.60%	0.00%	6.70%	43.00%
30	West Virginia HDF - Housing Finance Bonds	21.35%	6.64%	18.46%	11.74%	10.79%	2.44%	0.87%	1.31%	0.36%	7.07%	0.00%	18.97%	0.00%
31	Wisconsin HEDA Homeownership Revenue Bonds (1987 and 1988 Resolutions)	0.00%	0.00%	0.00%	39.52%	29.88%	1.42%	0.00%	0.00%	0.00%	5.82%	7.05%	16.20%	0.11%
32	Wyoming CDA - Single Family Mortgage (1994 Indenture)	30.60%	6.57%	6.00%	0.08%	20.97%	0.00%	31.24%	0.00%	0.00%	0.00%	0.11%	4.48%	0.00%
33	Wyoming CDA - Single Family Mortgage Revenue Bonds	44.93%	5.30%	9.82%	0.00%	2.57%	0.00%	31.94%	0.00%	0.00%	0.00%	2.04%	3.40%	0.00%

*NA = Not Available

**Other PMI includes Radian and Triad

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

Table IV

Loan Type Data for Moody's-Rated State HFA Single Family Whole Loan Programs as of December 31, 2007

#	HFA Single Family Whole Loan Program	% Interest Only Loans For an Initial Period	% Step Rate Loans	% 30 Year Level Amortization*	% 40 Year Level Amortization	Other
1	Alaska HFC - Home Mortgage Revenue Bonds	0.00%	0.00%	100.00%	0.00%	0.00%
2	CalHFA - Home Mortgage Revenue Bond Program	23.96%	0.00%	73.39%	2.65%	0.00%
3	Colorado HFA - Single Family Program	0.00%	0.00%	100.00%	0.00%	0.00%
4	Connecticut HFA - Housing Mortgage Finance Bonds	0.00%	0.00%	100.00%	0.00%	0.00%
5	Delaware State HA - Senior Single Family Mortgage Revenue Bonds	0.00%	0.00%	100.00%	0.00%	0.00%
6	Florida HFC - Homeowner Mortgage Revenue Bonds	0.00%	0.00%	100.00%	0.00%	0.00%
7	Idaho H&FA - Single Family Mortgage Bond Indentures	0.00%	19.04%	80.96%	0.00%	0.00%
8	Illinois HDA - Homeowner Mortgage Revenue Bonds	0.00%	0.00%	98.00%	0.00%	2.00%
9	Kentucky HC - Housing Revenue Bonds	0.00%	0.00%	100.00%	0.00%	0.00%
10	Maine State HA - Mortgage Purchase Program	0.00%	0.00%	100.00%	0.00%	0.00%
11	Maryland CDA - Residential Revenue Bonds	26.68%	0.00%	70.30%	3.02%	0.00%
12	MassHousing - Single Family Housing Revenue	0.41%	0.00%	98.91%	1.09%	0.00%
13	Minnesota HFA - Residential Housing Finance Bonds	0.00%	0.00%	90.40%	9.60%	0.00%
14	Montana Boh - Single Family Mortgage (1977 Indenture)	0.00%	0.00%	99.53%	0.00%	0.47%
15	Montana Boh - Single Family Program Bonds	0.00%	0.00%	99.10%	0.00%	0.90%
16	New Hampshire HFA - Single Family Mortgage Acquisition Revenue Bonds	0.00%	0.00%	96.20%	3.80%	0.00%
17	New Jersey Housing & Mortgage FA Housing Revenue Bond Resolution	0.00%	0.00%	99.92%	0.08%	0.00%
18	North Carolina HFA - Home Ownership Revenue Bonds (1988)	0.00%	0.00%	100.00%	0.00%	0.00%
19	North Dakota HFA - Home Mortgage Finance Program	0.00%	13.53%	85.28%	0.88%	0.31%
20	Oregon HCSD - Single Family Mortgage Revenue Bonds	0.00%	0.01%	99.79%	0.00%	0.21%
21	Pennsylvania HFA - Single Family Mortgage Revenue Bonds	0.00%	0.00%	100.00%	0.00%	0.00%
22	Rhode Island HMF - Homeownership Opportunity Bonds	31.72%	12.65%	45.16%	8.61%	1.86%
23	SONYMA - Homeowner Mortgage Revenue Bonds	0.00%	2.00%	98.06%	0.67%	1.27%
24	South Carolina State HFDA - Mortgage Revenue Bonds	0.00%	0.00%	100.00%	0.00%	0.00%
25	South Dakota HDA - Homeownership Mortgage Bonds	0.00%	13.52%	86.48%	0.00%	0.00%
26	Tennessee HDA - Homeownership Program Bonds	0.00%	0.00%	98.93%	0.00%	1.07%

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

27	Utah HC - Single Family Mortgage Rev Bonds (2000 Indenture)	0.00%	0.00%	100.00%	0.00%	0.00%
28	Vermont HFA - Single Family Housing Bonds	0.00%	13.00%	87.00%	0.00%	0.00%
29	Virginia HDA - Commonwealth Mortgage Bonds	20.00%	2.00%	78.00%	0.00%	0.00%
30	West Virginia HDF - Housing Finance Bonds	0.00%	0.00%	77.00%	0.00%	23.00%
31	Wisconsin HEDA Homeownership Revenue Bonds (1987 and 1988 Resolutions)	0.22%	0.00%	100.00%	0.00%	0.00%
32	Wyoming CDA - Single Family Mortgage (1994 Indenture)	0.00%	23.16%	76.84%	0.00%	0.00%
33	Wyoming CDA - Single Family Mortgage Revenue Bonds	0.00%	36.65%	63.35%	0.00%	0.00%

*Loans may have a term of 30 years or less.

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

Table V

Loan Vintage for Moody's-Rated State HFA Single Family Whole Loan Programs as of December 31, 2007

#	HFA Single Family Whole Loan Program	2008	2007	2006	2005	2004	2003	Prior years
1	Alaska HFC - Home Mortgage Revenue Bonds	0.00%	17.41%	13.71%	10.96%	12.93%	18.01%	26.98%
2	CalHFA - Home Mortgage Revenue Bond Program	0.82%	23.22%	26.13%	18.51%	11.37%		19.96%
3	Colorado HFA - Single Family Program	0.00%	19.12%	20.04%	16.22%	16.52%	14.31%	13.78%
4	Connecticut HFA - Housing Mortgage Finance Bonds	0.00%	15.40%	15.00%	12.40%	11.90%	10.30%	35.00%
5	Delaware State HA - Senior Single Family Mortgage Revenue Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
6	Florida HFC - Homeowner Mortgage Revenue Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
7	Idaho H&FA - Single Family Mortgage Bond Indentures	NA	NA	NA	NA	NA	NA	NA
8	Illinois HDA - Homeowner Mortgage Revenue Bonds	0.00%	19.30%	20.00%	17.70%	12.00%	8.00%	23.00%
9	Kentucky HC - Housing Revenue Bonds	0.00%	19.65%	24.79%	15.82%	10.20%	7.28%	22.26%
10	Maine State HA - Mortgage Purchase Program	0.00%	14.75%	15.63%	12.71%	10.60%	6.46%	39.85%
11	Maryland CDA - Residential Revenue Bonds	0.00%	27.30%	29.12%	6.22%	9.18%	5.34%	22.84%
12	MassHousing - Single Family Housing Revenue	0.00%	14.78%	16.46%	10.50%	12.40%	7.92%	37.94%
13	Minnesota HFA - Residential Housing Finance Bonds	1.80%	32.00%	21.70%	20.30%	12.60%	6.70%	5.00%
14	Montana BoH - Single Family Mortgage (1977 Indenture)	0.00%	34.88%	30.62%	10.77%	0.83%	1.44%	21.46%
15	Montana BoH - Single Family Program Bonds	0.00%	2.00%	1.00%	16.00%	36.00%	21.00%	24.00%
16	New Hampshire HFA - Single Family Mortgage Acquisition Revenue Bonds	0.00%	22.20%	22.80%	17.00%	14.30%	11.50%	12.20%
17	New Jersey Housing & Mortgage FA Housing Revenue Bond Resolution	0.00%	50.83%	24.19%	7.17%	12.31%	5.49%	0.00%
18	North Carolina HFA - Home Ownership Revenue Bonds (1988)	0.00%	17.62%	13.02%	8.30%	8.28%	6.47%	46.31%
19	North Dakota HFA - Home Mortgage Finance Program	1.67%	24.63%	16.59%	12.41%	11.16%	7.17%	26.37%
20	Oregon HCSD - Single Family Mortgage Revenue Bonds	0.00%	25.03%	18.69%	14.99%	13.84%	7.79%	19.66%
21	Pennsylvania HFA - Single Family Mortgage Revenue Bonds	0.00%	14.40%	13.50%	11.20%	11.80%	5.30%	43.80%
22	Rhode Island HMFC - Homeownership Opportunity Bonds	0.00%	26.12%	21.96%	14.14%	10.45%	8.18%	19.14%
23	SONYMA - Homeowner Mortgage Revenue Bonds	0.00%	10.76%	12.35%	10.57%	13.52%	5.72%	47.08%
24	South Carolina State HFDA - Mortgage Revenue Bonds	0.00%	17.01%	19.62%	9.11%	13.10%	5.13%	36.03%
25	South Dakota HDA - Homeownership Mortgage Bonds	0.00%	16.41%	14.11%	11.68%	11.38%	10.04%	36.38%
26	Tennessee HDA - Homeownership Program Bonds	0.00%	20.06%	13.93%	9.69%	7.78%	6.71%	41.83%

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

27	Utah HC - Single Family Mortgage Rev Bonds (2000 Indenture)	0.00%	6.00%	17.00%	18.00%	18.00%	15.00%	25.00%
28	Vermont HFA - Single Family Housing Bonds	0.00%	17.00%	16.00%	11.00%	10.00%	8.00%	38.00%
29	Virginia HDA - Commonwealth Mortgage Bonds	0.00%	26.79%	25.87%	18.51%	8.18%	5.38%	15.27%
30	West Virginia HDF - Housing Finance Bonds	0.91%	19.13%	15.93%	14.19%	10.34%	6.36%	33.14%
31	Wisconsin HEDA Homeownership Revenue Bonds (1987 and 1988 Resolutions)	0.00%	17.73%	17.87%	19.72%	12.42%	10.21%	22.04%
32	Wyoming CDA - Single Family Mortgage (1994 Indenture)	3.75%	33.50%	22.35%	11.42%	9.34%	4.01%	15.63%
33	Wyoming CDA - Single Family Mortgage Revenue Bonds	0.51%	6.69%	16.43%	17.76%	9.18%	23.36%	26.07%
NA = Not available								

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

Moody's Related Research**Special Comment:**

- Hot Topic in Housing: Update to Impact of Mortgage Insurer Rating Changes on Housing Finance Agency Programs, February 2008 (107411)

Rating Methodology:

- Moody's Rating Approach For Single Family, Whole-Loan Housing Programs, May 1999 (45064)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

State HFA Single Family Whole Loan Program Delinquencies and Foreclosures

Report Number: 108856

Author

Rachael McDonald

Senior Production Associate

Judy Torre

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**Moody's Investors Service**

April 25, 2008

CalHFA Consulting and Professional Services 2008/09

DIVISION CONTRACTS	Proposed 09/09	Remarks
EXECUTIVE		
CRESA Partners of Los Angeles, Inc.	20,000	New Building
Robinson, Mills & Williams dba RMW Architecture	100,000	New Building
Executive Total:	<u>120,000</u>	
ADMINISTRATION		
Business Safety Solutions	5,000	Yearly Licensing Fee
State Personnel Board	7,500	Exam processing
Cooperative Personnel Services	5,000	Examination consultant
State Controller's Office	3,000	Leave accounting
Biddle Consulting	15,000	Job analysis for new classifications
Comerstone	600	Security monitoring
Administration Total:	<u>36,100</u>	
FINANCING		
DBC Software (SS & C Technologies)	50,000	Cash flow projection software (2 licenses)
Bloomberg	25,000	Financial services used to monitor interest rate swap markets and fixed income markets
IPFC Group	50,000	Investor outreach, research, and subscription based access to Bloomberg's financial markets news and data
Financing Total:	<u>135,000</u>	
FISCAL SERVICES		
Audits		
Deloitte & Touche	175,000	Housing Finance Fund financial audit
Loan Servicing		
Fidelity Information Services	190,000	Single Family Loan Servicing ASP - ongoing
Check Printers, Inc.	25,000	Loan payment coupons, tax forms, etc
Check Processors, Inc.	15,000	Lock Box Service
Boland, Tahasugi	73,600	Annual examination of the Loan Servicing operation required by HUD
DeDe Timmons	25,000	Loss Mitigation
Antonella Davis	25,000	Loss Mitigation
Mary Bolar	48,000	Policies and Procedures
Audio Tel	10,000	Payment Scanning/Deposit System Installation and Setup
Law Offices of Les Zieve	50,000	Legal Services in foreclosures, evictions, and bankruptcies
Nationwide Title Clearing	50,000	Research, release, and record reconveyances for PIT- subordinate loans - online
Other		
McCracken Financial Solutions	150,000	Multifamily Loan Servicing ASP - ongoing
Orrilcap	250,000	Tax Compliance Calculations
Bloomberg	30,000	Financial services for bonds
Miscellaneous	10,000	
Fiscal Services Total:	<u>1,126,600</u>	
LEGAL		
Litigation related		
O'Melveny and Myers**	25,000 **	Appeal of HC judgment
Feldenstein, Fitzgerald**	25,000 **	HC (Bankruptcy)
Reserve	350,000	Other litigation matters
Non-litigation related		
Bingham, McCutchen	175,000	MIF Project Legal Work
McDonough, Holland & Allen	150,000	BAHP, other loans
Special Loan Reserve	100,000	BAHP and Prop 63
HUD Counsel (Nixon Peabody)	100,000	Washington DC counsel for federal HUD matters
Reserve	200,000	Reserve for contingencies
Other		
Orrick and Hawkins	150,000	Bond Advice
Vendor TBD	100,000	Consultant to advise and create new physical file system
Legal Total:	<u>1,375,000</u>	

MARKETING

Albion
Citimortgage, Inc.
Fuze Digital Solutions, LLC
In Other Words (Translation)
Lazzarone Photography
Thomas/Ferrous
Winter Advertising
Marketing Total:

185,000
60,000
12,000
4,000
10,000
5,000
15,000
271,000

Agency promotion and printing
CalHFA Leads Program
Web Enhancements
Spanish translation of business literature
Photographer for annual report
Web Enhancements
Consultant for annual report

I.T.

Fiscal Services
Eskal Porter
Infinit Consulting
Vendor TBD
Vendor TBD
Homeownership
Infinit Consulting
Vendor TBD
Vendor TBD
Debt Management
Infinit Consulting
Vendor TBD
Multifamily
Eclipse
Vendor TBD
Fannie Mae REO/Whole Loan Program
Eclipse
Enterprise Content Management
Business Advantage Consulting
Business Advantage Consulting
Infinit
Vendor TBD
Procurement Assistance
Eclipse
AIX/UNIX Support
I.T. Total:

82,000
90,000
1,300,000
200,000
150,000
1,500,000
250,000
30,000
120,000
72,000
440,000
64,000
360,000
189,000
50,000
170,000
170,000
25,000
5,262,000

Installation, Implementation and Integration of the General Ledger
Project Management Support
Phase 1
IV&V
Project Management Support
SI
IV&V
Project Management Support
I.T. Program Analyst and Programming Support
Project Management Support
Software & Software Implementation
Project Management Support
Agency Implementation
Project Coordination & Management
Technical Support
Promissory Notes Conversion
Procurement Assistance
Support

HOMEOWNERSHIP

Production
Brooks Systems
CBC Innovis, Inc.
Clear Capital.com, Inc.
Contractor TBD
Doc Edge
First American CoreLogic Inc.
Gary Brauntstein
Merscorp, Inc.
National Reconveyance Center
National Tax Verification
Selsint, Inc. (Accurint)
Vernazza Wolfe Associates
Homeownership Total:

5,000
8,000
2,000
2,000
3,500
2,000
100,000
2,000
1,000
12,500
4,000
35,000
177,000

Used to determine APR, as necessary
Follow up credit checks for quality assurance
BPO's for REC in evaluating Loan Servicing protecting their subordinate loans
Source to obtain copies of recorded documents or verify that the deed of trust and assignments were recorded
Title service
Property valuation service (QC & REC)
Acting Director of Homeownership Programs
Electronic registry service
School Facility Fee recording searches
Used for quality assurance
Search service used to locate borrowers - SSA Verification
Used to evaluate sales price limits

MULTIFAMILY

CA Institute of Mental Health
Dun & Bradstreet
Tina Ilvonen
Judy Jensen
Multifamily Total:

18,200
4,000
130,000
110,000
262,200

Homeless Initiative
Construction related reports
Contract Underwriting
Disbursement Administrator

MIS		
O'Melveny and Myers**	25,000	** Appeal of HC judgment
Feldstein, Fitzgerald**	25,000	** HC (Bankruptcy)
Deloitte & Touche	45,000	Housing Loan Insurance Fund financial audit
MIAS User Requirements	60,000	Support for MI System
Standard and Poor's	100,000	Credit rating service
Data Quick	10,000	Property valuation service
Experian	10,000	Credit Reporting
Millman USA	150,000	Insurance and reinsurance performance metrics and reporting and capital adequacy modeling
MIS Total:	<u>425,000</u>	
ASSET MANAGEMENT		
Reaction Inspection Services	8,000	REAC inspections for Section 8 properties per HUD
Bayview Properties	14,000	REAC inspections for Section 8 properties per HUD
Asset Management Total:	<u>22,000</u>	
CalHFA	8,786,900	
MIS	425,000	
Sum:	9,211,900	
TOTALS, EXPENDITURES	<u>9,211,900</u>	

**O'Melveny contract and Feldstein contract are shared contracts between MIS and Legal 50/50.

JoJo Ojima

From: Laura Whittall-Scherfee
Sent: Tuesday, April 29, 2008 10:38 AM
To: Rick Okikawa; Chris Caldwell; JoJo Ojima
Cc: Jim Morgan; Bob Deaner
Subject: Montecito

Montecito is being pulled from the May Board meeting and from CDLAC. You will not received a write-up for it, and you do not need to finalize a Board resolution.

Laura A. Whittall-Scherfee
Chief of Multifamily Programs
CalHFA
(916) 327-2588 (telephone)

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